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AGRICULTURAL SITUATION REVIEW

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★ MAY 15 1933 ★

U. S. Department of Agriculture

Speaking Time: 10 Minutes.

OPENING ANNOUNCEMENT: Like all businesses of the United States, our agriculture has been affected or will be affected greatly by events of the past month. For that reason we believe the monthly review of the farm business situation which we present in cooperation with the Bureau of Agricultural Economics of the United States Department of Agriculture will be of especially timely interest this month.

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Naturally, the Federal report on the agricultural situation cannot consider at great length the course of all the events that have a bearing upon farming. However, the report lists some of them and calls attention to their importance. For one thing, this country has abandoned the gold standard and the dollar has depreciated somewhat in foreign exchange. Following the introduction in March of the farm bill, designed to help bring our agriculture back to its pre-war position of purchasing power, the inflation sentiment last month burst forth into legislative action. On the heels of these events prices of basic commodities, including farm products, and of industrial stocks have risen. The ultimate effect of all these forces may be far reaching.

So far the effect has been good for farmers. Prices of wheat and other grains, hides, butter, and cotton, have advanced 10 to 40 per cent.

In the case of wheat, the so-called inflation buying has gone hand in hand with bullish developments in the American crop situation. The crop report issued last month showed winter wheat in the poorest condition ever recorded, drought still wide-spread at the beginning of April, winter killing heavy in the Northwest, nearly a third of the acreage likely to be given up and never harvested and altogether a probability of the smallest winter wheat crop in 29 years. If the spring wheat crop should turn out to be of average size, we shall not raise enough wheat this year to supply the needs of our own people. In that case, of course, we shall draw upon the huge surplus supply that has piled up during the past six or seven years in our elevators and mills. Such a draft will reduce the amount of wheat carried over into the next marketing year. However, the hard luck of our own winter wheat farmers will not necessarily ease the depressing effects of the great world-wide wheat surplus that has borne down prices in world markets.

Returning now to our own domestic markets, the Department of Agriculture summary of the present situation points out that the recent improvement in prices naturally has not affected all lines of farm production equally. For instance, livestock has not felt the influence of rising prices as much as the important cash crops that are sensitive to world markets. Yet butter, one of the principal livestock products, advanced about one-third at New York. This marked rise in butter occurred in the face of a milk situation so serious that it has led to "strikes" and blood shed in Wisconsin and New York and even to the setting up of governmental machinery to fix milk prices.

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In the dairy markets, the traders seem not to have had time to form their judgments upon the effect of the proposed legislation and the gold embargo. The first reaction as we have observed has been to bring butter prices up during April. This is quite significant for usually the April prices for butter average lower than March prices. It is even more significant when we compare present quotations with the quotations of the same time last year. Butter recently has been more than a cent a pound higher than a year ago. Cheese prices also advanced during April. So did evaporated milk in the wholesale markets. Condensed milk prices were up a fraction.

In the fluid milk markets too the trend has been toward higher prices, as against the usual price decline during April in ordinary years. Both buying and retail prices of fluid milk advanced last month in such important markets as Milwaukee, Pittsburgh, and a number of cities in Connecticut.

Aside from prospects of legislation designed to increase prices and stimulate business activity, the dairy markets are drawing some encouragement from the present low stocks of butter, cheese, condensed and evaporated milk. The present low level of stocks in these things in the warehouses is especially encouraging since the season of flush production is just ahead. Usually, the people in the dairy trade buy large quantities of these products during the flush production season in order to build up a storage reserve against the needs of next fall and winter.

Some observers also see some encouragement in the prospective milk production. It is true that this spring there are more cows on farms than last spring. Hence, if pastures are good, there is a possibility of heavy milk production this year. But so far pastures have been slow to develop. In some sections the weather has been too cold. In other sections moisture has been lacking. The recent rise in the prices of grain -- if these prices stay up -- will of course tend to discourage grain feeding, especially in the Eastern dairy sections. Therefore, pastures may have a greater influence than usual on the amount of milk produced this spring and summer.

Well, so much for the dairy situation. The crop observers in all sections report that spring work is going forward, although bad weather has delayed preparations for grain and cotton in some parts of the country. Recently, the shipments of fruits and vegetables to market have become quite heavy. They have averaged 25 hundred cars a day. This is not quite up to last year, however. On the other hand, shipments by truck may have increased over last year. If they have, fruits and vegetables are moving at about the same rate as last year. Early strawberries, cabbage and onions and new potatoes by now are coming to the city markets in good quantities, and the demand for them is fair. The first shipments of cantaloupes are coming out of the Imperial Valley of California and are not meeting so much competition from Mexican cantaloupes as they did last year. Pretty soon, watermelons will be moving from Florida and California. And already a few have come to market from Cuba. Our own cantaloupe and watermelon growers have reduced their plantings this year so their market situation may be better. Cars of spring lettuce are rolling out of Central California shipping points every day, and from the Gulf Coast tomatoes are being billed out for Northern markets.

As the spring season of preparation reaches high tide, the wages of farm laborers are the lowest in 33 years. Last month, the average wage paid to hired men over the country as a whole was one dollar and five cents a day without board or 22 dollars and 98 cents a month without board. The index of farm wages now stands at 72 -- that is, 72 per cent of the pre-war average farm wage. In contrast, industrial wages now paid average 164 per cent of pre-war.

Turning now from crops and markets and wage rates, we'll conclude this report on the present agricultural situation with a glance at some statistics recently issued by the Department of Agriculture on the number of people living on farms. There are now more people on farms than ever before in our history. The Federal estimate is 32 million 242 thousand. Last year farm population gained by one million. The great migration away from farms which went on from 1920 to 1930 reversed itself two years ago and the tide set in from the city to the farm. However, this year the new figures show that the tide is not running so strongly as it was last year. About 140 thousand fewer people moved from city to farm in 1932 than in 1931. This fact will be surprising to a number of people who thought that the back-to-the-farm movement in 1932 would gain momentum over 1931. Now why is this? Well, the farm population experts of the Department of Agriculture point out several reasons. Here they are in brief:

First, apparently most of the city unemployed who have havens of refuge on farms of parents, relatives or friends, have already gone to them.

Second, there are fewer abandoned farm houses or sheds left unoccupied. Many farmers taking part in the population survey said that every habitable structure in their neighborhoods had been occupied by destitute unemployed.

Third, a number of cities have moved to provide subsistence garden plots for their unemployed. Thus, the unemployed are better off to stay in the cities and raise part of their own living than to go to country sections, especially, since

And this is the fourth point, the city relief agencies in a number of places have found that it is cheaper and better to set up their subsistence gardens close to the city rather than to put up new houses and locate subsistence gardens out in the open country.

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CLOSING ANNOUNCEMENT: And with that note we conclude this month's report from the United States Department of Agriculture on the agricultural situation.

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May 3, 1933.

Program Director:

On account of the necessity for getting out emergency information on the Federal Government's operations under the pending act to restore farm purchasing power, we are forced to discontinue for the time being the radio series entitled, "Agricultural Situation Review" which you so kindly have been broadcasting for the U. S. Department of Agriculture.

With many thanks for your past cooperation and hopes that you will resume broadcasting when we are again able to resume the series, I am

Sincerely yours,

Morse Salisbury
Chief of Radio Service.

